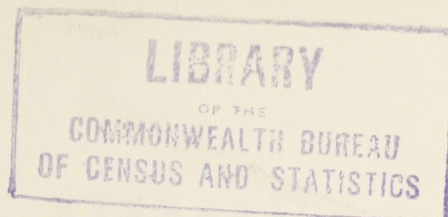


22 OCT 1946



10th October, 1946.

B.S. 1946/8

NEW SOUTH WALES

DIGEST OF CURRENT STATISTICS

C O N T E N T S

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## S U M M A R Y

1. RE-EMPLOYMENT. An increase of 7,000 in the number of wage and salary earners in non-rural employment in August exceeded the number of servicemen discharged during the month who on discharge contemplated entering such employment. Employment in the principal industrial groups, except rural and building, is now well above pre-war level. Commonwealth Employment Services report a shortage of all juvenile and of female adult labour and at the end of July about 11,000 vacancies for which no suitable men are available while an almost equal number of men are waiting for different types of jobs for which they are fitted.

2. PRODUCTION. Moderate rainfalls in the second half of September were too late to save the wheat crop in most Northern and Western districts of the State. Crops in other parts of the State are expected to meet most of the State's demand. Drought conditions (as yet unrelieved unless there are further rains in the northern and central districts) have also caused stock losses which will reduce the next wool clip.

Restriction of train services in June, July and August hampered the supply of material for some industries but the coal position improved in August and time-table cuts have been partially restored. Factory employment continues to increase and building activity is steadily expanding, though the available supply of building material is still lagging far behind demand.

GENERAL. Prices at the opening Sydney wool sales in September 1946 were about 100 per cent above the immediate pre-war level and about a third higher than the appraisement average of 1945-46. A keen demand was sustained in particular from French and Belgian buyers. It is as yet too early to draw conclusions as to the probable level of prices for 1946-47 clip but the rise in price will go some distance toward offsetting the reduction of rural incomes consequent on the severe drought losses of recent seasons and the heavily reduced wool clip. Trading banks' advances to customers show seasonal increases in July and August and the banks reduced their holdings of Treasury Bills and other investments to meet these demands. Real estate sales are reaching record levels. The rate of increase in sales by retail stores has eased down as compared with rapid rise in the early months of 1946. The stock position of city retail stores shows improvements in most departments.



PART 1 EMPLOYMENT, BUILDING AND NON-RURAL INDUSTRIES.

EMPLOYMENT. (Note: The introduction of a new statistical system now makes it possible to compile and issue statistics of employees shown on 14,000 Pay Roll Tax returns about a month after the date to which the figures relate. Employment figures as at the end of August are shown herein).

The total number of wage and salary earners in New South Wales is still rising, but the rate of increase has diminished since June. At 31st August there were still about 45,000 men from this State in the armed forces and a substantial number are still on leave following discharge. Industry and trade could absorb larger numbers than are at present available.

WAGE AND SALARY EARNERS IN EMPLOYMENT NEW SOUTH WALES (In thousands)

At end of	Non Rural		Total	Rural Males	Men from N.S.W. in armed forces (approximate)
	Males	Females			
July 1939	530	168	698	81 x	
July 1945	534	252	786	40 x	224
April 1946	584	246	830	63 x	80
May	598	248	846		68
June	606	247	853		57
July	612	247	859		50
August	619	247	866		45
Change: July 1945 to August 1946	+85	-5	+80		-179
July 1939 to August 1946	+89	+79	+168		

x as at 31st March. (+) Denotes increase (-) decrease.

Note: The above figures since July 1945 exclude some of the increase of employment in building. When figures are finally verified the number of males employed in June 1946, shown above as 606,000 will probably be revised to the vicinity of 613,000.

RE-EMPLOYMENT OF SERVICEMEN. Army discharges which had been proceeding at a monthly average of 114,000 men in New South Wales for the June Quarter decreased to 8,000 men in July, 5,000 in August and 4,000 in September.

Of a total of 224,000 men from New South Wales in the armed forces in August 1945, 179,000 had been discharged by the end of August. Of these about 120,000, stated on discharge their intention of becoming wage or salary earners in non-rural industries. During the same period total male employment in these industries increased by 85,000. That leaves a balance of 35,000 discharged men who have not yet entered employment. Some of these are still on pre-employment leave, and some may have started work on their own account, for example in the building trade. Registrations with the Commonwealth Employment Service show that only a small number of ex-servicemen are awaiting employment and that only 1,200 were drawing Unemployment Benefits or Re-employment allowances at the end of July.

COMMONWEALTH EMPLOYMENT SERVICE. The Commonwealth Employment Service Offices in New South Wales placed 6,700 men and women in jobs during July; 14,500 were registered as waiting for employment at the end of the month, but at the same time 25,700 vacancies remained unfilled. The discrepancy between the last two figures indicates that any unemployment at present is not due to lack of jobs generally, but rather to a shortage of suitable jobs. Only 17% of those unplaced at the end of the month were in receipt of unemployment or re-employment benefits indicating that many applying for jobs are in employment which they wish to change or have been out of employment for a short period only.

From the employers' side the shortage of suitable labour is most marked in the large number of vacancies for female workers under 21 and to a lesser extent, for adult female workers and for boys. The number of vacancies for men was smaller than the number of applications.



REGISTRATIONS WITH COMMONWEALTH EMPLOYMENT SERVICE - NEW SOUTH WALES.

July 1946

(In thousands)

	Males				Females			
	Juven- -ile	Ex-Ser- vicemen	Other Adults	Total Males	Juven- -ile	Adult	Total Females	Total
Placements through Common- wealth Employment Service	0.3	2.5	1.3	4.1	0.5	2.1	2.6	6.7
Applicants unplaced at end of month	0.6	6.8	3.7	11.1	0.8	2.6	3.4	14.5
Vacancies unfilled at end of month	1.8	8.7		10.5	5.2	10.0	15.2	25.7
Number receiving Unemployment Benefit		0.2	1.2	1.4		0.1	1.5	1.4
Re-employment Allowance		1.0		1.0			1.0	0.9

**EMPLOYMENT IN INDUSTRIES:** Employment in all the principal industrial groups, except rural and building, is now above pre-war level. Retail trade showed a small reduction in August, but that group and commerce and finance have had the largest gains, proportionally, since the end of the war. Provided supplies and transport of fuel and basic materials to required sites can be maintained, effective consumer demand is likely to continue to require an increase in total employment under current conditions.

EMPLOYMENT IN MAIN INDUSTRIAL GROUPS, NEW SOUTH WALES

(in thousands)

At end of -	1939 July	1945 July	1946 June	July	August
<b>Factories:</b>					
Aircraft & Government munitions	0.6	20.2	6.3	6.0	5.9
Other Factories	217.4	280.8	309.5	312.3	315.4
Total Factories	218.0	301.0	315.8	318.3	321.3
Mining and Quarrying	25.3	24.8	25.6	25.5	25.7
Transport and Communication	88.9	102.6	111.9	111.9	112.4
Retail Trade	79.9	69.1	81.1	82.7	82.4
Other commerce & finance	59.3	56.5	69.5	70.8	72.3
Professional & personal services	107.6	116.1	130.1	131.0	132.0
Others	118.9	116.0	118.5	119.3	120.3
T O T A L	697.9	786.1	852.5	859.5	866.4

See footnote to table on page 2.

**EMPLOYMENT IN FACTORIES.** With the exception of food, drink and tobacco, all classes of factories show steady increases in the numbers of men and women employed. Employment in textile factories which had been lagging earlier in the year now shows some expansion. With the establishment of factories in country areas the number of employees in the clothing group continues to increase steadily.

TOTAL EMPLOYMENT IN FACTORY CLASSES, NEW SOUTH WALES

(in thousands)

At end of -	1939 July	1945 June	1946- June	July	August
Bricks, cement, glass etc.	12.3	9.9	12.7	13.0	13.2
Chemicals, paints, oils etc.	8.0	12.3	14.4	14.4	14.6
Metal trades, incl. vehicles -					
-Aircraft, Government munitions	.6	21.8	6.3	6.0	5.9
-Other metal trades	80.7	123.7	130.0	130.3	131.7
Total metal trades	81.3	145.5	136.3	136.3	137.6
Textiles	14.7	18.3	19.2	19.5	19.7
Clothing	29.1	33.2	38.4	39.1	39.6
Food, drink & tobacco	26.4	31.6	34.4	34.4	34.3
Sawmills, woodworking, furniture	14.4	16.0	17.9	18.2	18.3
Printing, paper etc.	16.4	15.6	19.6	20.0	20.3
Other factories, inc. heat, light & power	15.5	19.3	22.9	23.4	23.7
Total factories	218.1	301.7	315.8	318.3	321.3



**EMPLOYMENT OF FEMALES.** Since the end of the war the total number of females wage earners (other than private domestics) has decreased by about 5,000 but in the past four months the number has remained steadily in the vicinity of 247,000 which compares with 168,000 in July 1939. Restoration of men to the transport industries has reduced slightly the number of female employees in that group, but it is still more than double the pre-war figure. In retail trade the number of females slightly declined in August but in that group and in the other commerce, finance and professional services groups, employment of women is higher than at the end of the war. Although the number of women employed in factories fell from 86,400 in July 1945 to 78,000 in January, 1946 it has since risen to 83,000 in August, 1946. This coupled with the acute shortage of juvenile labour of both sexes and the still existent shortage of adult female labour is due to the combined effects of full employment policy and the fact that the raising of the school age co-incided with a decline in numbers attaining working age, which in turn was consequent on the low birth rate of about 15 years ago.

The proportion of females in the total of wage and salary earners at the end of August was 28 per cent as against 24 per cent in July 1939. Their number has increased by 79,000 as against an increase of 87,000 in male employment between July 1939 and August 1946.

**FEMALE WAGE AND SALARY EARNERS IN MAIN INDUSTRIES, NEW SOUTH WALES**  
(in thousands)

At end of	Transport & Communicat-ion	Retail Trade	Other Comm-erce & Finance	Profession-al & Pers-onal Services	Factories	Total (including other groups)
1939 July	5.3	32.5	10.2	47.7	59.3	168.0
1945 July	14.6	39.2	20.6	68.5	86.4	252.1
1946 April	13.2	40.6	20.4	71.8	80.6	245.5
May	13.1	40.9	20.5	72.4	81.8	247.5
June	13.1	40.8	20.4	72.2	82.2	246.7
July	12.6	40.9	20.6	72.2	83.1	247.1
August	12.5	40.5	20.9	72.7	83.2	247.3
Change July 1945 to August 1946	-2.1	+1.3	+0.3	+4.2	-3.2	-4.8
July 1939 to August 1946	+7.2	+8.0	+10.7	+25.0	+23.9	+79.3

(+) Denotes increase; (-) decrease

The textile and clothing industries which are suffering most under the shortage of suitable labour show some increase in the number of female wage and salary earners during the past three months, but the number of those working in the textile industries is still lower than at the end of the war. Altogether there are now 40% more women working in factories than at the outbreak of war; the greater part of that increase was absorbed by the metal trades and clothing groups.

**FEMALE WAGE & SALARY EARNERS IN FACTORIES, NEW SOUTH WALES**  
(in thousands)

At end of -	1939 July	1945 June	1946- Mar.	June a.	July a.	August a.
Bricks, cement, glass etc. .	.5	.8	.7	0.6	0.6	0.6
Chemicals, paints, oils etc. .	2.7	4.0	4.2	4.4	4.5	4.5
Metal trades, including vehicles- -Aircraft, Government munitions	-	6.0	1.1	0.8	0.8	0.7
-Other metal trades . . . .	4.8	15.3	12.6	13.4	13.3	13.0
Total, metal trades . . . .	4.8	21.3	13.7	14.2	14.1	13.7
Textiles . . . . .	9.2	11.5	10.3	10.5	10.6	10.6
Clothing . . . . .	22.2	25.9	28.3	29.4	29.8	30.2
Food, drink & tobacco . . . .	9.3	11.2	12.0	10.3	10.3	10.3
Sawmills, woodworking, furniture	1.6	1.6	1.6	1.7	1.7	1.7
Printing, paper etc. . . . .	5.4	5.7	5.7	6.0	6.2	6.2
Other factories, including heat, light & power . . . . .	3.6	4.9	4.8	5.1	5.3	5.4
Total factories . . . . .	59.3	86.9	81.3	82.2	83.1	83.2

a. Subject to revision; (+) Denotes increase; (-) denotes decrease.



NEW FACTORIES REGISTERED, NEW SOUTH WALES. The number of new factories and of persons initially engaged in such factories during June and July 1946 was well above the average rate for 1945/46. Measured by employment in existing factories, clothing and furniture trades continue to show the largest gain in new enterprises.

NUMBER OF PERSONS, INITIALLY ENGAGED IN NEW FACTORIES REGISTERED IN N.S.W. IN JULY AND AUGUST, 1946.

	<u>Metropolitan</u>	<u>Balance of State</u>	<u>Total N.S.W.</u>
Metal Trades incl.vehicles	630	123	753
Clothing	448	421	869
Food,drink & tobacco	63	98	161
Woodworking,sawmilling	120	104	224
Furniture trade	72	46	118
Other factories	446	76	522
Total factories	1779	868	2647

INDUSTRIAL DISPUTE. The number of man-working days lost in industries other than coal was exceptionally small during August; in the mining industry it decreased as against July and was below the pre-war average.

NUMBER OF MAN-WORKING DAYS LOST THROUGH INDUSTRIAL DISPUTES,N.S.W.  
(in thousands)

	<u>Monthly average</u>		<u>1946-</u>		
	<u>1937-39</u>	<u>1945</u>	<u>Jan-June</u>	<u>July</u>	<u>August</u>
Coal & shale mining	39	53	23	50	36
Other Industries	15	104	28	17	2
Total	54	157	51	67	38



GAS AND ELECTRICITY. Restrictions on heating and exterior lighting and reduction of tram services caused only a small fall in the aggregate consumption of gas and electricity; higher industrial demands apparently offset part of the savings caused by the restrictions.

INDEX OF CONSUMPTION OF GAS AND ELECTRICITY - SYDNEY.

Three years ended June 1939 = 100.				Seasonally adjusted. (Revised Figures.			
1945				1946			
May	June	July	August	May	June	July	August
148	143	150	144	160	160	158	158

All remaining restrictions on the use of power and lighting were lifted in September 1946.

COAL PRODUCTION. Coal production improved in July and August as against the earlier part of the year but is still below the level of a year ago.

COAL INDUSTRY, NEW SOUTH WALES, PRODUCTION AND INDUSTRIAL DISPUTES.

Three years 1937 to 1939	Year 1945				Year 1946			
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	July	Aug.
Output of coal, weekly averages, in thousands of tons.								
200	198	206	250	138	194	200	207	228
working days lost through industrial disputes in 000 man-days								
39(a)	36(a)	46(a)	38(a)	104(a)	20(a)	26(a)	50(a)	36(a)
(a) Monthly average.								

The New South Wales Coal Industry Act which is complementary to the legislation recently enacted by the Commonwealth has now passed Parliament.

IRON AND STEEL. According to the managing director of B.H.P. the Newcastle steel plant can produce 1 million tons of steel ingots a year but was only working at two thirds of capacity during the year ended May, 1946. Since then steel output has shown an increase with larger basic iron supplies being available from Newcastle, Port Kembla and Whyalla S.A. Shortage of coal and transport caused apparently a reduction in output for August.

IRON AND STEEL, EMPLOYMENT AND PRODUCTION, N.S.W.

	1938-39	1944-45	1945	1946				
			August	April	May	June	Julyx	Augustx
Employment at end of period in thousands								
	10.5	11.2	11.0	11.3	11.3	11.1	11.0	11.0
Production index (average, three years ended June 1939 = 1000)								
Pig Iron								
N.S.W.	1124	1134	1247	968	894	945	1080	890
N.S.W. & Whyalla		Whyalla Nil		1153	1106	1186	1231	1100
Ingot Steel	1032	1126	1167	1087	1125	1146	1158	1050

x Preliminary subject to revision.

BUILDING INDUSTRY. The successful establishment of a system of collecting quarterly returns from about 5,000 builders in the State makes it possible to give for 1945-46 the first reasonably complete year's statistics of actual building activity in N.S.W. Progress results are shown below, fuller data are being completed.



HOUSES: N.S.W. NUMBER OF NEW HOUSES COMPLETED.  
Year ended June 1946

Quarter ended	Completed Houses Erected by-		Total Houses Completed
	Private Contractors(a)	Government Bodies (a)	
1945 September	863	296	1,159
December	872	165	1,037
1946 March	1,150	81	1,231
June	1,539	141	1,680
Total 1945-46	4,424	683	5,107

(a) Houses erected for Government authorities by private contract are included under private contractors.

(Figures for September Quarter 1946 are now being collected. Owing to dilatory returns from many builders totals will not be known until probably mid-November.)

The above figures exclude houses built by owner-builders (other than speculative builders). Endeavour is being made to ascertain the number so built. It is believed that it is equal to between 10 per cent and 20 per cent of the above numbers.

N.S.W. NEW HOUSES IN COURSE OF ERECTION AT 30th JUNE 1946.

	<u>Number</u>	<u>Estimated cost</u> (excluding Land) £
Brick ----	1,838	2,512,000
Wood ----	318	326,000
Fibro ----	3,015	2,992,000
Other ----	33	38,000
Total	<u>5,204</u>	<u>£5,868,000</u>

Other New Buildings: The value of other new buildings completed in 1945-46 was as follows -

New Buildings (other than houses) completed in N.S.W., 1945-46.

	<u>Cost(exclud. land)</u> £
1945-Sept. Qtr.	1,422,000 (includes large defence buildings)
Dec. Qtr.	1,151,000
1945-Mar. Qtr.	586,000
June Qtr.	<u>453,000</u>
	<u>£3,612,000</u>

The value of each principal class of new buildings completed during the year 1945-46 and in course of erection at 30th June 1946 was as follows:-

NEW SOUTH WALES - NEW BUILDINGS (other than houses)

Purpose of Building	<u>Cost (excluding Land)</u> <u>Completed in</u> <u>year ended</u> <u>June 1946</u> £	<u>In course of</u> <u>Erection at 30th</u> <u>June 1946</u> £
Flats	7,000	116,000
Shops	36,000	63,000
Factories	714,000	1,345,000
All other New Buildings (a)	<u>2,854,000</u>	<u>1,492,000</u>
Total	<u>£3,611,000</u>	<u>£3,016,000</u>

(a) Includes large defence projects munition factories etc. completed or discontinued in September quarter 1945.

Building Projected, Sydney and Suburbs. The upward trend in demand for private buildings (especially houses) within the metropolitan area continued during July and August. These months showed an increase of 50 per cent in the value of Council permits obtained over the



average of the first six months of the year. This rise is mainly in houses of moderate to small size since erection of all other buildings is under restrictive control. Figures for country districts are obtained quarterly and September Quarter figures will be available at the end of October. Government building projects in July and August also are above the average of the first six months of the year.

VALUE OF BUILDING PROJECTS, SYDNEY AND SUBURBS  
in £ thousand

	1938-39	1945 Jan-June	July-Dec.	1946 Jan-June	July	August
		Monthly Averages				
Private (a)	1112	209	670	1201	1804	1822
Government (b)	112(c)	238	366	297	407	384
Total		447	1036	1498	2211	2206

(a) "Private projects" value of new buildings approved for private applicants by local councils.

(b) "Government projects" value of new Government buildings commenced.

(c) Second half, 1939, earliest available.

Building Materials. The output of bricks and tiles which had greatly improved in July and reached the highest level since the war declined again in August.

OUTPUT OF CERTAIN BUILDING MATERIALS, N.S.W.

	1939 Mthly Avgr.	1945 August	1946, Monthly average- March Qtr.	June Qtr.	July	August
Bricks (million)	31.6	8.3	12.3	15.3	20.8	18.3
Roofing tiles (million)	1.7	.5	1.2	1.4	1.7	1.6
Local-sawn timber (million super feet)	15.0	18.4	18.5	20.0	(a)	(a)

(a) Not yet available.

The curtailment of rail services has affected the supply of timber and cement for building and of gypsum for the fibrous plaster industry. Country train services were increased again in September.

NEW SOUTH WALES RAILWAYS. Statistics for July reflect the reduced train services, Passenger journeys remained at the low level of the previous month and the tonnage of goods and livestock carried though higher than in June was below the comparative figure for last year.

NEW SOUTH WALES GOVERNMENT RAILWAYS  
(Millions)

Month of July	Passenger Journeys	Goods & Livestock	Gross Earnings	Working Expenses	Net Earnings
	No.	Tons	£	£	£
1939	15.2	1.39	1.54	1.17	0.37
1943	19.7	1.74	2.95	1.97	0.98
1945	22.3	1.58	2.63	2.04	0.59
1946	21.8	1.56	2.61	2.04	0.57

During July and August the reductions in train services affected several industries. Because of insufficient truckings of wheat Sydney flour mills could only work two instead of three shifts. Timber stocks in Sydney were reduced to very low levels and some coastal shipping was restored to transport timber from the North Coast. Shortage of transport is also reported to have restricted operations of the Leeton canneries and of fibrous plaster works in Sydney. Towards the end of August an emergency transport system subsidised in equal shares by the Commonwealth and New South Wales Governments was organised to provide sufficient transport for wool from the country to the Sydney Sales.

As the drought conditions in Northern and Western districts worsened the railway used all available trucks to carry stock to Southern



agistment areas and to bring back fodder to the drought areas.

# TRUCK LOADINGS OF FODDER

Week ended -

2/8/46	10/8/46	17/8/46	24/8/46	31/8/46	7/9/46
439	468	648	804	972	1164

More than a million sheep and 75,000 cattle were transported by rail in New South Wales during August, and of those 250,000 sheep and 15,000 cattle were conveyed at starving stock concession rates.

Those cuts in country services which had been imposed in June because of shortage of coal were restored on the 23rd September. Cuts in Sydney's suburban train services and tram time-tables had been restored earlier in the month.

The railway's stocks of coal have increased sufficiently to allow for the easing of these restrictions.

GOVERNMENT TRAMS AND BUSES. For the year ended 30th June 1946 an increase in the number of passengers carried on motor buses was exceeded by the decrease in the number of passenger journeys by trams leaving a slight decline in the total number of passenger journeys as compared with the record figure of 1944-45. This decline is mainly due to the temporary curtailment of tram services because of power rationing. Gross earnings increased but because of higher working expenses the difference between these two items was reduced from £442,000 to £110,000. Taking into account costs of depreciation and capital debt which last year totalled £540,000 1945/46 will show a substantial deficit. With the abolition of soldiers' concessions and the restoring of cuts in the time-tables some increase in earnings can be anticipated for the current period.

## NEW SOUTH WALES GOVERNMENT TRAMS AND BUSES - SYDNEY AND NEWCASTLE.

Year	June Quarter			Year ended June			
	Passenger Journeys	Gross Earnings	Working Expenses(a)	Passenger Journeys	Gross Earnings	Working Expenses(a)	Net Earnings(b)
	millions	£ thous.	£ thous.	millions	£ thous.	£ thous.	£ thous.
1939	92	1090	948	377	4374	3702	672
1945	136	1430	1433	546	5790	5348	442
1946	130	1545	1616	533	5936	5826	110

(a) Excluding depreciation. (b) Gross earnings less working expenses, available to meet debt charges.

MOTOR VEHICLES REGISTERED. Following larger imports of vehicles from overseas the number of new motor vehicles registered increased in July and August but they are still only a fraction of pre-war figures.

## NUMBER OF NEW MOTOR VEHICLES REGISTERED, NEW SOUTH WALES.

	1939	1946-			June	July	August
	June	March	April	May			
Car (a)	1633	43	80	108	156	267	319
Lorries & Vans	615	428	498	604	313	450	521
Total cars, lorries & vans	2468	471	578	812	469	717	840

(a) including Motor buses.

After a decline in June the number of old cars re-registered (including service vehicles sold to civilians) has increased again to over a thousand. About 1,700 lorries and vans were re-registered during the month.

Total number of vehicles registered at the end of August was about 650 higher than the figure for August, 1939 which is the highest on record to date, but the number of cars has decreased proportionally to the number of



commercial vehicles since then.

NUMBER OF REGISTERED MOTOR VEHICLES, NEW SOUTH WALES.  
(thousands)

At end of	August 1939	July 1946	August 1946
Cars	216.6	191.3	191.7
Lorries & Vans	77.7	98.7	100.1
Total Vehicles (a)	329.2	327.4	329.9

(a) Includes also trailers, motor cycles, buses, cabs etc.

With the increasing prices for new motor cars in England and the United States the motor trade expects corresponding rises for cars assembled in Australia from imported components. Some authorities estimate that Australia requires a minimum of 450,000 cars and commercial vehicles by the end of 1949 to replace obsolescent vehicles. But high prices are likely to deter many purchases and delay replacements.

All controls on the sales of tyres were lifted as from 3rd September. Manufacturers' stocks have increased and if the supply of raw materials is kept up it has been stated that they will be able to meet the demand for new tyres.



PART II: FINANCE AND TRADE.

NINE TRADING BANKS, AUSTRALIA. Unusually heavy demands were made on the trading banks in July. A large fall in customers' deposits and increase in advances was met mainly by a reduction of £19 million in the banks' Treasury bill holdings which brought this item to the lowest level since 1938. During August advances continued to increase but deposits rose to the same extent. An increase in cash and treasury bills exceeding a fall in Government Securities improved the liquidity of the banks which had been greatly reduced in July.

NINE TRADING BANKS BUSINESS WITHIN AUSTRALIA.

In millions of pounds.

Date	Deposits Lodged by Customers	Advances to Customers	Gov't & Municip- -al Sec- urities	Special A/c.with Common- wealth Bank	Treas- ury Bills	Cash	Ratios		
							Advances to Deposits	Cash & Treas- ury Bills to Deposits	Special Account to Deposits
							per cent	per cent	per cent
Aug.1939	315	294	22	-	19	31	93	16	-
" 1941	361	281	62	-	33	39	78	20	-
" 1944	535	214	96	183x	57	38	40	18	34
" 1945	575	210	107	224x	55	38	37	16	39
June 1946	627	224	123	258	40	32	36	12	41
July 1946	613	236	117	256	21	32	39	9	42
Aug.1946	616	238	113	252	23	37	39	10	41

x Special Wartime Deposits

The fall in deposits and rise in advances in July signify large income and company tax payments and withdrawals for purchases at Army disposal sales. Seasonal demands from the primary industries, accentuated by drought conditions, were also partly responsible for the increase in advances.

To meet the withdrawals from customers' accounts the banks had to reduce substantially their holdings of Treasury Bills and Government securities. The proportionally small movements in the Special Accounts with the Commonwealth Bank suggest that this item is lagging behind changes in deposits; the banks were apparently not allowed to reduce this account at once when deposits were withdrawn.

During the two months the total of Commonwealth Treasury Bills outstanding decreased by £30 millions while the Commonwealth Government's bank-balances were reduced by £10 millions. That indicates that the Commonwealth Government has used accumulated funds and current revenue for the reduction of its short-term debt. The increase in trading banks' advances was therefore counteracted by a seasonal contraction in Government credits.

COMMONWEALTH BANK 1945/1946. The expansion of the Commonwealth Bank during the war years is shown on the table below. With the trading banks transferring their foreign exchange reserves and the general increase in Australia's foreign exchange balances through the war expenditure of Allied Governments the Commonwealth Bank's "Gold and Balances abroad" are about four times as high as before the war. The Wartime Deposits, now termed "Special Accounts", of the trading banks which were introduced at first under National Security Regulations and are now provided for in the Banking Act of 1945 have greatly strengthened the position of the Central Bank. Together with the rise in the note issue and the Special Account which total about four hundred millions. The Commonwealth Bank has increased its holdings of Government Securities by a similar amount and so played an important part in financing the war and absorbing surplus spending power.



COMMONWEALTH BANK OF AUSTRALIA  
AGGREGATE BALANCE SHEETS    £ MILLIONS

Liabilities 30th June

	1939	1945	1946
Capital and Reserves	16.9	19.3	21.0
Notes issued	47.5	186.5	198.9
Special Account of the trading banks	-	241.0	260.1
Other Liabilities (incl. other deposits)	90.6	211.7	249.5
	<u>155.0</u>	<u>658.5</u>	<u>729.5</u>

Assets

	1939	1945	1946
Gold and Balances Abroad	51.4	198.8	209.1
Cash Items	4.5	6.3	8.1
Government Securities (including Treasury Bills)	79.1	408.5	457.1
Premises	0.9	0.7	0.7
Other Bank Bills & Bills Receivable )		20.8	22.9
Advances and other assets )	19.1	23.4	31.6
	<u>155.0</u>	<u>658.5</u>	<u>729.5</u>

The Mortgage Bank Department started operations in 1943 and the Industrial Finance Department in 1946. Under the Commonwealth Bank Act, 1945 Central Banking Business has been separated from the General Banking Division so that there are now six different sections of the Commonwealth Bank.

COMMONWEALTH BANK OF AUSTRALIA 30th JUNE 1946

£ million

<u>Liabilities</u>	Central Banking Business	Note Issue Department	General Banking Division	Rural Credit Department	Mortgage Bank Department	Industrial Finance Department	Aggre- ate Total
Capital and Reserves	4.5	5.8	4.2	2.5	2.1	2.0	21.0
Notes issued		198.9					198.9
Special A/c. Trading Banks	260.1						260.1
Other Deposits & Liabilities	179.4	2.0	71.3	0.8	0.4	0.1	249.5x
	<u>444.0</u>	<u>206.7</u>	<u>75.5</u>	<u>3.3</u>	<u>2.5</u>	<u>2.1</u>	<u>729.5</u>
<u>Assets</u>							
Gold & Balances abroad	155.6	50.9	2.6				209.1
Cash & Other Banks	14.0		4.6				18.6
Gov't. Sec's. incl. Treas. Bills	260.6	155.7	37.9	1.8		1.2	457.1
Advances & Other Assets	13.8	0.1	30.4	1.5	2.5	0.9	44.7x
	<u>444.0</u>	<u>206.7</u>	<u>75.5</u>	<u>3.3</u>	<u>2.5</u>	<u>2.1</u>	<u>729.5</u>

x Excluding £4.4 millions Inter-departmental Accounts.

REAL ESTATE. Sales of properties as shown by transfer documents amounted to £5.7 millions in August, an increase of £1.7 millions over the July figure, bringing the total of sales for the first eight months of the year to £29.1 millions. With the exception of June, sales have shown a steady increase every month since last December, and are substantially above pre-war levels. In recent months the Delegate of the Treasurer has allowed a discretionary margin above the original pegged level and it would appear that this coupled with the announced intention to continue land sales control is overcoming the reluctance to sell and transfer land at pegged prices. On the other hand persons in a position to know believe that the control is being evaded. Inter-company transfers and acquisition of land for housing schemes may have contributed to the increase in land transfers but the steady rise from 4,000 to 8,900 in the number of transfers registered since January indicates that individual builders, investors and agents are largely responsible for the increased activity in the real estate market.



£ millions	Eight months ended August				1946	
	1938	1945	1946	June	July	August
Real Estate Sales	22.4	17.0	29.1	3.6	4.0	5.7
Mortgages Registered	16.2	5.6	12.1	1.7	1.6	2.4

Both the number and the amount of mortgages registered were higher in August than in any month since 1939 but the rise in mortgages is proportionally smaller than the increase in transfers. The present liquidity of companies and individuals has reduced the demand for mortgage finance in land transactions. For the eight months ended August 1939 the consideration of mortgages registered amounted to 72% of land transfers as against only 42% in the comparative period of 1946.

In spite of the increase in mortgage loans the rates for newly registered mortgages have steadily declined from 4.8% in September 1945 to 4.4% in August 1946 (Urban securities)

#### RATES OF INTEREST ON FIRST MORTGAGES: NEW SOUTH WALES.

Urban Securities - Per cent. 1946						
1939	1944	1945	Jan-Mar.	April-June	July	August
5.6	5.0	4.8	4.7	4.4	4.4	4.4

Since July 1945 the maximum rate of interest chargeable on first mortgages under £1500 has been 4 $\frac{3}{4}$ %.

STOCK EXCHANGE. Movements in share prices at the Sydney Stock Exchange were very small in July. On the 13th August a 5% increase in the ceiling prices of 140 shares, that is about half the total of registered shares, was granted on the usual scale of maximum daily rises. By the end of the month most shares had moved up to the new limits.

#### INDEX OF SHARE PRICES - SYDNEY

Prices of Ordinary Shares (incl. Bank). Par value = 100.

(Compiled by N.S.W. Govt. Statistician).

Average for Month	Manufacturing and Distributing	Retail	Public Utilities	Pastoral and Finance	Insurance	Total 75 Companies	34 Active Shares
1939-Aug.	212.6	168.2	156.0	118.2	263.9	174.4	181.9
1942-Mar.	173.0	138.3	120.8	110.3	213.7	140.6	147.0
1945-Aug.	242.3	207.3	170.3	146.8	264.6	195.6	209.9
1946-May	280.5	239.5	191.1	162.8	306.9	222.8	241.2
June	280.5	239.4	190.9	161.0	306.9	222.3	240.8
July	280.5	239.5	190.5	161.6	306.9	222.3	240.6
August	285.7	244.6	192.6	165.1	312.2	226.2	244.5

In the first week of September prices at the New York Stock Exchange slumped. At the same time share prices in Australia began to weaken and many leading shares fell well below ceiling prices. However, the downward movement was not extensive. Prices which had for a long time followed each successive upward revision of maximum quotations are now apparently being adjusted to the individual earning capacity of each share which might well be below ceiling prices.



COMMONWEALTH ACCOUNTS.

COMMONWEALTH REVENUE AND EXPENDITURE

	July/August 1945	July/August 1946.
	£ millions	
<u>Revenue</u>		
Customs & Excise	11.1	15.8
Income Tax	37.1	29.0
Sales Tax	4.9	6.4
Pay-roll Tax	1.9	2.2
Other Taxes	2.1	2.2
Business Undertakings	5.0	5.0
Other	0.4	0.4
Total Revenue	<u>62.5</u>	<u>61.0</u>
<u>Expenditure</u>		
War (1939-1945)	68.0	28.7
Social Services	7.7	10.5
Payments to States	2.6	5.0
Income Tax reimbursed to States	2.9	5.2
Other	11.7	12.1
Total Expenditure	<u>92.9</u>	<u>61.5</u>

Income tax collections decreased in July/August 1946 as compared with last year when they had been unusually heavy during those months.

Customs and Excise and Sales and Payroll-tax receipts were substantially larger reflecting increased commercial and business activity since the end of the war.

As compared with last year the States are now receiving a larger proportion of income tax reimbursement early in the financial year. The total for 1946-47 will be £40 millions as against £33 millions in 1945-46. Social Service expenditure now includes payments under the Hospital Benefits Act.

LOAN COUNCIL - LOAN PROGRAMME 1946-47.

	£ million		
	Commonwealth	N.S.W.	All States and Commonwealth
Governmental	12.6	14.7	45.3
Semi-Governmental	0.1	6.3	16.6
Local Government		2.6	7.7

The Loan Council endorsed a £91 million loan programme for urgent Government works but because of shortage of manpower and materials only £45.3 million were allowed. Semi-governmental and local government authorities have to keep expenditure within three quarters of the total granted until the labour situation is reviewed at the end of the year. For 1944-45 the Loan Council had granted £8.6 million to the New South Wales Government but less than half of that amount was spent during the year.

Of the £15 million 2½% Commonwealth Loan maturing on 15th August £13.3 million (89%) were converted into new securities bearing 2% per annum for a 3 year term or 3¼% per annum for 12 years. £0.85 million were redeemed from the sinking fund. It is expected that portion of £0.9 million still outstanding will also be converted.

The £90 million Second Security Loan will open on October 15. £26 million will be used for conversion of securities maturing on November 15. The £64 million new cash is required for continuing war commitments and Commonwealth and States' public works. Terms are the same as for the previous loan: 3¼% p.a. for 12 years securities and 2% p.a. for 3 years securities.

NEW SOUTH WALES ACCOUNTS

NEW SOUTH WALES GOVERNMENT ACCOUNTS

Revenue	£ millions		Expenditure	July and August	
	July and August 1945	1946		1945	1946
From Commonwealth	Ø 1.4	2.7	Net debt charges	2.7	2.6
State Taxation	1.2	1.2	Governmental	3.2	3.7
Other Governmental	1.0	1.4	Business Undertakings x	5.0	5.4
Business Undertakings x	6.3	6.4		10.9	11.7
	9.9	11.7			

Ø Reimbursement of taxes, payments towards interests and hospital benefits.

x Railways, trams and buses, Sydney Harbour. Includes debt charges.

Revenue and expenditure for July/August 1946 balanced in the State Government Accounts. As compared with the same period last year the receipts from the Commonwealth increased by £1/3 millions. Under the Tax Reimbursement Act New South Wales will receive £16.5 millions income tax reimbursements during 1946-47 as against £15.5 millions in the previous year.

Loan Fund expenditure for works amounted to £0.6 millions during the two months.

The New South Wales 18.3 million dollars 5% loan maturing in 1958 and other dollar debts will be redeemed from the proceeds of the Australian 3¼% 10 year loan for 20 million dollars (£6.25 millions) which was successfully floated in New York at the end of August. Interest saving on redemption will amount to about £100,000 per annum. It is stated that other Australian dollar loans will also be refunded at lower rates.

The continuation of Capital Issue Control for at least three years was decided at the Premiers' Conference in August. Legislation to that effect now passed by the Commonwealth under defence powers will eventually be taken over by the States. Apart from capital issues mortgages and interest rates will also remain controlled.

RETAIL TRADE.

RETAIL TRADE - EXPERIENCE OF LARGE SYDNEY STORES.

Percentage increase + or decrease - on same month of previous year

	Jan.	Feb.	March	April	May	June	July
Value of Sales	+25	+37	+48	+47	+52	+10	+26
Value of Stock	- 6	-10	-11	-13	-13	- 8	+ 1

Sales in large Sydney stores which had been up to 50 per cent over last year's level in May showed only an average increase of 10 per cent over last years figure in June but the ratio moved up again in July. This was due to a temporary decline in sales of dress materials and womans' and men's wear. As the validity of current ration coupons ended last year in June sales of these items had been very high during that month; with different ration periods no such buying rush occurred this year. Also there were two working days less in June 1946 than in June 1945. The shortage of men's wear is reflected in the decline in sales and stocks as against last year, but stocks of footwear in particular men's and boys' boots and shoes are being replenished notwithstanding the increased turnover as against last year.



CITY RETAIL STORES.

Movements in Sales and Stocks. Percentage increase + or decrease -  
June and July 1945 to June and July 1946.

	<u>Sales</u>		<u>Stocks</u>			<u>Sales</u>		<u>Stocks</u>	
	June	July	June	July		June	July	June	July
	%	%	%	%		%	%	%	%
Piece Goods	+ 2	+5	-22	-19	Furniture Dept.	+68	+84	+ 7	+14
Women's Wear	-16	+1	-14	-	Hardware Dept.	+60	+95	+23	+32
Men's Wear	- 4	-7	-20	- 8	Miscellaneous	+19	+36	+ 3	+ 3
Boots & Shoes	+ 5	+21	- 7	+15					
Total Clothing	- 7	+ 3	-17	- 6	All Classes	+10	+26	- 8	+ 1

Sales of furniture and hardware items continue at a much higher rate than last year. Supplies of these items has improved and retail stores have been increasing their stocks in spite of the heavy turnover.

Comparing the January-June periods of 1945 and 1946 the number of employees in selected retail stores was 19 per cent greater and their total payroll 25 per cent higher. But the higher costs of wages were offset by the increased value of sales, and wages as a percentage of sales amounted to 13.4% in January-June 1946 as against 14.6% in the first half of 1945.

SILVER PRICE.

Following a sharp rise in the New York silver price the London quotation rose from 44d to 55½d per oz. standard which is 5/9d in Australian currency. This may necessitate changes in the Australian coinage. In Australia one ounce of standard silver (925/1000 fine) is used to mint coins of a face value of 5/6. Since the early twenties the silver price had been so low that the minting of coins left a substantial profit for the Government; in spite of higher silver prices during the war the profit still amounted to £1.3 millions in 1944/45. Now the striking of new coins would mean a loss to the Treasurer as 5/9 worth of silver plus manufacturing expenses of about 6d would be required to produce 5/6 worth of coins. There is also the danger that coins will be hoarded or melted down if the silver price rises further. Silver is mined as a by-product of copper, lead and zinc and Australian producers benefit from the present high prices.

AUSTRALIAN BALANCE OF PAYMENTS; 1938-39 to 1944-45.

	£A million						
<u>Current Transactions.</u>	1938-39	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45
1.Overseas War Expenditure	- 2	-10	-43	-47	-79	-56	-36
U.S.Forces in Australia				+ 7	+40	+63	+37 x
Recoveries from other Administrations			+11	+34	+27	+51	+62
2.Lend-Lease freight etc.				- 1	- 6	+ 4	
Total Goods & Services on account of the war	- 2	-10	-32	- 7	-18	+62	+63
2.Net export surplus on civil account	+16	+26	+46	+24	+45	+62	+47
3.Public Authority interest payable overseas	-27	-27	-28	-28	-27	-27	-26
Net Income payable overseas xx	-17	-16	-16	-15	-14	-14	-14
Balance on Current Account	-30	-27	-30	-26	-14	+83	+70
<u>Capital Transactions</u>							
Government Borrowing	+ 5	+ 4	+14	-11	- 1	-22	-20
Allied Governments' Balances in Australia				+ 3	+ 8	+25	-33
Private Capital Movements y	+ 1	+34	+26	+22	+20	+ 6	+11
Movement in International Reserves z	-24	+11	+10	-12	+13	+92	+28

x Including gold production.

Ø Including £4 million for U.K. Forces in 1944-45.

Ⓐ Residual item, computed as balance of other accounts.

ll London Funds and Overseas Balances.

xx Net income earned in Australia by non-residents less oversea earnings of residents.

Estimates of the Australian Balance of Payments have now been published. An appreciable export surplus on civil account was maintained right through the war. Australian war expenditure overseas has since 1943-44 been more than compensated by the expenditure of the allied nations in Australia. A total deficit of £97 million on current account for the first four years compares with a surplus of £153 million for the two following years. Government indebtedness abroad was reduced by £54 million between 1941-42 and 1944-45 with a corresponding fall in the annual interest charges from £28 million to £26 million. Taking the total for 1939-1945, the balance of overseas receipts and payments on current and capital accounts left a surplus of £142 million as reflected in a corresponding increase of Australia's foreign exchange reserves. The Commonwealth Bank calculating on a slightly different basis shows an increase from £56 million to £208 million in gold and net balances held abroad by all banks for the same period.

SAVINGS BANKS. Total Deposits with the Commonwealth Savings Bank in New South Wales showed a small decline in August due to a decrease in the amount of new deposits, while withdrawals continue to be made at a high rate.

SAVINGS BANK, NEW SOUTH WALES.  
(£ million)

Commonwealth  
All  
Savings Banks

1946	Deposits	Withdrawals	Decrease(-) Net Increase(+)	Total Balance	Total Deposits
January	19.0	13.9	+ 5.1	224.7	635.2
February	17.8	13.8	+ 4.0	228.7	645.1
March	17.2	15.5	+ 1.7	230.4	648.7
April	15.3	14.8	+ 0.5	230.7	649.7
May	16.6	15.3	+ 1.3	232.2	652.7
June	14.6	14.2	+ 0.4	232.6	652.6
Add Interest			+(3.6)	236.2	663.6
July	16.6	15.5	+ 1.1	237.3	666.6
August	14.5	14.8	- 0.3	237.0	666.9

A rise in withdrawals and fall in new deposits became evident as from March 1946 and the net result has been a marked retardation in growth of depositors' total balances in savings bank. With the tapering off of demobilisation less deferred pay became available for deposit in savings banks and apparently some who deposited deferred pay earlier in the year are now withdrawing funds. Advance subscriptions to the Commonwealth Loan may also affect savings deposits.

OVERSEA TRADE, AUSTRALIA. Exports from Australia for the two months ended August 1946 were twice as great as in the corresponding period of last year, while imports declined by 11%.

AUSTRALIA OVERSEA TRADE.  
(£A million)

July and August:		1938	1945	1946
<u>Merchandise</u>	<u>Exports</u>	16.5	27.0	54.7
	<u>Imports</u>	22.8	38.0	33.7
		-6.3	-11.0	+21.0

(+) denotes export surplus; (-) import surplus.

The fall in total imports is due to the decline of Government imports of war materials from £10 m. in August 1945 to £1 million in August 1946. Civilian imports of merchandise were higher in August 1946 than in any month since the end of the war.

IMPORTS OF CIVILIAN MERCHANDISE  
(£A million)

1945 July	1946 May	June	July	August
8.1	14.5	11.9	12.4	16.9



However, imports continue to be limited by world shortages and exchange restrictions, and in many cases, they lag behind demand. Of export items, shipments of wool show the greatest increase. Dairy produce, mutton and pork, dried and fresh fruits, wheat and flour, skins, silver lead and zinc were also shipped in considerably greater quantities than last year.

A deciding factor in the future expansion of exports will be the purchasing power of customer countries and Australia's willingness to enter into reciprocal trade with them. Several European countries are reported to be negotiating for credits to buy wool in Australia.

PART III : RURAL INDUSTRIES.

THE SEASON. During August and the first half of September dry conditions continued in the Northern and Western parts of the State where frost and cold winds aggravated the serious outlook for pastures and crops. Some good falls were recorded in the Southern, South Western and Riverina districts where pastures remained in good condition and wheat crops continued to advance satisfactorily. During the second half of September falls of up to three inches brought hope of relief to most of the Northern and North-Western drought areas but follow up rains are needed.

RAINFALL INDEX, NEW SOUTH WALES.

Weighted average ratio of actual to normal rainfall.  
Normal rainfall each month = 100.

Period	Dairying Districts	Sheep Districts					Wheat Districts			
		N.	C.	S.	W.	State	N.	C.	S.	State
1944 (year)	79	66	54	53	53	57	68	51	52	53
1945 (year)	109	99	101	86	77	93	95	100	84	89
1946 Jan.	77	153	100	166	236	151	130	110	184	158
Feb.	140	95	129	327	228	195	49	153	363	269
Mar.	160	66	76	105	43	79	48	76	113	95
Apr.	152	66	90	61	14	65	60	78	48	57
May	18	39	40	53	24	42	37	35	49	43
June	44	23	38	75	64	49	33	38	59	50
July	2	17	38	109	34	55	20	42	114	84
Aug.	16	2	13	60	8	25	1	14	60	41
Sept.	88	203	68	15	156	99	160	47	10	39

N : Northern, C : Central, S : Southern, W : Western.

WOOL SALES : JOINT ORGANISATION AND AUSTRALIA.

Heavy purchases of Australian and other Dominions wool by European countries and America seem to indicate that the demand of wool has not diminished. However a great proportion of 1945-46 wool imports will be used for the replenishment of stock-piles and that demand may not continue for long. It remains to be seen whether the rebuilt textile industries in European countries will continue buying at the pre-war level and low competition of substitute fibres will affect that demand.

JOINT ORGANISATION : SUMMARY OF SALES 1945-46  
in 000's of bales.

	<u>Australian.</u>	<u>All Dominions.</u>
U.S.A.	1,300	2,018
U.K.	1,394	2,119
Other Dominions	598	837
France	771	1,160
Belgium	314	484
U.N.R.R.A.	318	414
Scandinavia & Holland	89	175
Other European	230	817
Others	110	153
	<u>5,124</u>	<u>8,177</u>

Of a total of 8.2 million bales disposed 5.1 million bales were Australian, 1.4 million bales New Zealand and 1.7 million bales South African wool. Most reassuring have been the heavy purchases by the United States which took 1.3 m. bales as against an average of about 50,000 bales before the war. The revival of the French and Belgian industries is indicated by the demand for Australian wool from these countries. Only a fraction of pre-war quantities went to Germany (Government account) and Italy (for processing).

STOCK OF AUSTRALIAN WOOL : JOINT ORGANISATION  
unsold at 30.6.1946.

In Australia	3,449,700 bales
United Kingdom	881,700 "
Stock-pile U.S.A.	75,200 "
	<u>4,406,600 "</u>



Most of the wool sold during the period was shipped to the buying countries, however, large quantities which were sold prior to June 30, 1945 are still in Australia. These are not included in the above table.

The strong demand for wool in Europe also characterised the auction sales which were resumed in September in Sydney and Newcastle, in other Australian States, in South Africa and in London. France and Belgium took 72 percent of the catalogue offered at the first Sydney sales, United Kingdom buyers took 11 percent and Australian mills 10 percent. These countries were also the main bidders at the other centres. It remains to be seen whether the United States will bid stronger when higher quality wool is offered later in the season.

FOR GREASY WOOL, AVERAGE PRICE REALISED AT SYDNEY.

Year ended 31st June

1928	19.5 d.	1942	13.1 d. <sup>x</sup>
1931	8.7 d.	1943	15.1 d. <sup>x</sup>
1938	12.7 d.	1944	15.3 d. <sup>x</sup>
1939	10.3 d.	1945	15.1 d. <sup>x</sup>
1940	13.4 d. <sup>x</sup>	1946	15.1 d. <sup>x</sup>
1941	13.1 d. <sup>x</sup>	Sept. 1946	20.5 d. <sup>xx</sup>

x On basis of British Government contract

xx Average Price that would be realised if whole clip were sold at present rates.

Prices at the September sales were about 100% above the 1938-39 level. Sydney prices had advanced by a third from the last ruling appraisement values. With regard to the competitive position of wool with other fibres it is to be noted that prices for cotton have more than doubled since outbreak of war, but rayon prices show only a small increase over pre-war levels and the rayon industry in America and England has considerably expanded during the war. However, the demand for wool is expected to continue at the present high level for some time. Several European countries have approached Australia for the granting of credits to buy wool and if such loans are negotiated it will help to maintain the market for Australian wool.

The average auction reserve price of 18.15 d. is based on the 1942-43 clip and each lot in the Table of Limits is related to this average price. Wool Realisation Commissioners bid the reserve price or higher and purchase if there are no private buyers at those or higher prices. The Commission does not buy lots which show defects or which have been appraised under the 1939-45 scheme or have been previously sold at auction, nor will it sell before the end of 1946 any wool from its Australian stocks. At the first sales only 5% of the total wool offered was taken over by the Commission.

A permit is still required for the export of wool. All such wool must have been bought either at auction in Australia or be consigned to a broker in the United Kingdom for auction. Sales in the United Kingdom are made with similar reserve price limits as apply in Australia.

The New Zealand average reserve price has been fixed at 16.74d. (New Zealand currency) per lb store New Zealand for greasy wool. A charge of 7½% will be levied on all wool sold as a levy for the administration of the wool disposals plan.

NUMBER OF SHEEP IN NEW SOUTH WALES  
in millions

As at 31st March

1939	1942	1943	1944	1945	1946
48.9	56.7	56	56.8	46.7	44.1

Owing mainly to drought the number of sheep in New South Wales has fallen continuously since 1942 and has now reached the lowest level since 1924. It is estimated that drought conditions caused a loss of about seven million sheep in N.S.W. in the year ended 31st March 1945 and of about two million in the following year. Further heavy losses because of drought are anticipated for the current season.

Despite the decline in total flocks the numbers of breeding ewes was well maintained in 1945-46 and early reports of matings for the current season showed an increase. However, drought conditions and shortage of fodder will probably reduce the actual lambings far below the numbers forecast.

It would appear that the number of sheep and lambs available for shearing in N.S.W. in 1946-47 season may not exceed 40 millions compared with an average of 55 millions in the years preceeding the war.

WHEAT. Of the 4.7 million acres sown to wheat in the State about one half are located within the Northern districts, the Northern and Western parts of the Western districts and the Western portions of the Southern districts. The grain harvest in those parts is likely to be almost a complete failure.

Crops in the Southern, South-West Slopes and Riverina districts show fair to good development, but more rain is needed there also.

The steady increase in wheat export price was maintained with a rise from 10/5<sup>3</sup>/<sub>4</sub> per bushel in July to 11/2 in August.

WHEAT AND EXPORT PRICES, f.o.r. ports.

(Mean of Austr. Wheat Board's basic export price for bagged and bulk wheat)

July 1939	2/2.3/20.
Jan. 1945	6/5
Jan. 1946	9/8
July 1946	10/5 <sup>3</sup> / <sub>4</sub>
Aug. 1946	11/2

An allocation of 1<sup>1</sup>/<sub>4</sub> million tons of super phosphate to Australia for 1946-47 is believed to be adequate for essential requirements. Consumers are required to buy from the same suppliers as last year so as to prevent over buying.

As the 1946-47 harvest may be below the requirements for the State the New South Wales Government has asked the Commonwealth Government to retain 12 million bushels from the 1945-46 harvest in the State.

Despite the poor prospects in New South Wales and Queensland Australia is expected to produce an exportable surplus of wheat this year, as an excellent crop is anticipated from Victoria, South Australia and Western Australia.

The Food and Agricultural Organisation estimates that there will be a demand for 30 million metric tons of wheat by importing countries in 1946-47 but no more than 20 million tons is expected to be available from the main exporting countries in spite of favourable crop outlooks in some of them. Canada is expecting a fair to average harvest and a record crop is forecast for the United States. Australia exported 30 million bushels during the first half of the current year but the exportable surplus will be exhausted within a few months and little can be expected to be available for export from the next harvest. Because of exhaustion of reserves and famine conditions the world food situation is expected to remain critical for at least two years possibly five years.

DAIRYING. Butter production in July 1946 was about half of the average for July in the three pre-war years.

NEW SOUTH WALES PRODUCTION OF BUTTER IN FACTORIES  
(in thousand of tons)

Average three years ended	April	May	June	July
1939-40	4.5	3.7	2.7	2.4
1945	2.6	2.0	1.5	1.5
1946	2.8	2.0	1.2	1.2

In spite of lack of rain in the milk zone districts the milk supplies for Sydney have been maintained steadily at 3.5 million gallons a month during June, July and August.



The United Kingdom government will pay £stg. 8.15. per cwt. of butter compared with £stg. 7.10.6 for the last two seasons, with an equated price for cheese. Prices of meat and pig meats will be 7½% and 11¼% respectively above those paid during the last two seasons. The bulk purchase agreements extend to 1950 but prices will be determined from year to year. The present prices are in line with those paid by the U.K. Government for New Zealand dairy products.

EXPORTS OF DAIRY PRODUCE, AUSTRALIA.

	<u>Butter.</u>		<u>Cheese.</u>	
	Million lb.	Value £ million	Million lb.	Value £ million
1938-39	229.5	12.9	35.9	1.1
1944-45	93.7	8.3	33.5	2.0
1945-46	137.6	10.3	32.8	1.7

The 1945-46 butter exports were only 60% of the quantity exported during the last pre-war season but increased prices brought values up to 80% of the 1938-39 values.